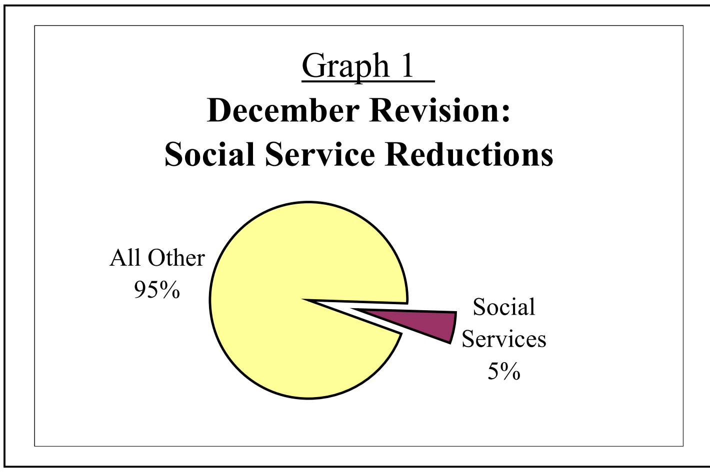
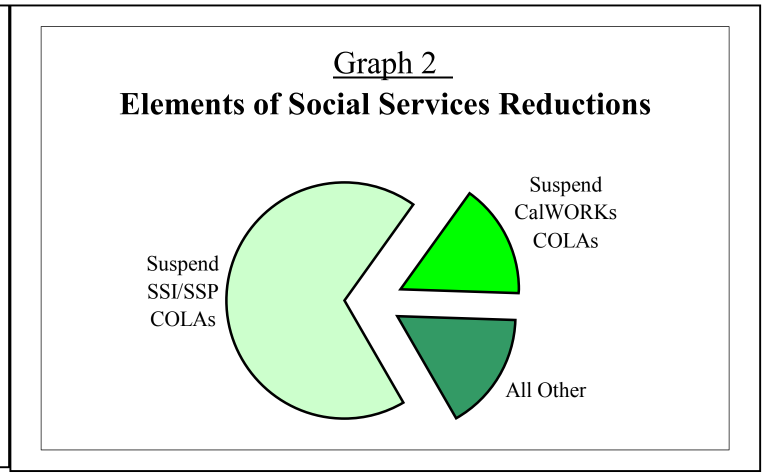
Social Services

SOCIAL SERVICES

The December Revisions reduces spending on social service by about $516 million, about five percent of the total reductions. Graph 1 illustrates the point. Of the $500 million in reductions, most are associated with suspending the SSI/SSP and CalWORKs COLAs, as displayed in Graph 2.





DEPARTMENT OF SOCIAL SERVICES

Residential Care Facility Evaluations

Under current law, the Department of Social Services (DSS) is responsible for licensing and performing an annual inspection of a variety of care facilities, including foster family and small family homes, group homes, foster family agencies, adult residential facilities, residential care facilities for the chronically ill and elderly, community treatment facilities, transitional housing placement programs and adoption agencies.

The Administration is proposing that the evaluation process be streamlined for a General Fund savings of $1.4 million (and roughly 15 pys) in the current year and $5.8 million (and 68 pys) in the budget year. Most of the savings are associated with what is characterized as "high risk residential care facilities".

Comments. Licensing standards have been in place to ensure the safety of individuals in the care of those facilities. The DSS is generally required to make a site visit annually and, as often as necessary, to ensure compliance. Under the proposed change, an annual unannounced evaluation would only be conducted if a licensee is on probation, if there is a facility compliance agreement that requires an annual visit, if there is a pending accusation against the license, if the federal government requires an annual inspection, or to verify that a person ordered out of a community care facility by the DSS is no longer in residence. If a facility does fall under one of these categories, then they are subject to unannounced visits by the department conducted based on a 10-percent random sampling and as often as necessary to ensure compliance.

In the past, the Legislature has had a number of concerns regarding the licensing program. In addition, ensuring public safety of those in state licensed facilities is one of the most critical functions of the State. This proposal should be carefully reviewed for unintended consequences regarding health and safety issues.

Need for Legislation. This proposal requires trailer bill language. In order to achieve the savings indicated, the Administration would like action taken by the end of January. The longer the delay, the less savings.

Supplemental Security Income/State Supplementary Payment (SSI/SSP) Cost-of-Living Adjustment (COLA)

SSI/SSP is a federal/state cash assistance payment program to persons who are aged, blind or disabled and meet the federal eligibility standards. The federal government funds the SSI portion of the program while the state supplements the payment with an SSP grant. Approximately 1.1 million people receive benefits. Current law provides for a federal and state COLA effective January 1 of each year.

The 2002 Budget Act and related statute passed through the January 2003 federal COLA to SSI/SSP recipients but delayed the state COLA of 3.74% to June of 2003. For an individual SSI/SSP recipient, the grant would increase by $28 (from $750 to $778); for couple, the grant would increase by $50 (from $1,332 to $1,382). Current SSI/SSP grants are just above the federal poverty level.

The Governor's proposal would eliminate the June, 2003 state COLA for a savings of $24.1 million in 2002-03 and $281 million in 2003-04. (Note: The documents from the Department of Finance mischaracterize the proposal as also suspending the January 2004 state COLA; the DSS indicates this proposal only eliminates the June 2003 COLA. Finance indicates the budget year savings is $328 million but

DSS indicates it is $281 million. The associated trailer bill language is consistent with the DSS portrayal.)

Need for Legislation. This proposal does require statutory change. The federal government administers the check writing so statute would have to be enacted by the end of January as the state has to notify the federal government 3 months in advance of what changes it is making to the SSP payment standard.

CalWORKs COLA

Effective October of each year, a COLA is granted in the CalWORKs program (California's cash public assistance program). Caseload in this program has been declining (there are about 530,000 cases and 1.5 million people receiving CalWORKs benefits) and, as of January of 2003, adults who have used up the 5-year time-limit will drop off the caseload. California's program does provide a safety net grant for children.

The Budget Act of 2002 and related statute provided a COLA of 3.74% to the CalWORKS grant effective June 1, 2003. For a family of 3 in a high cost county, the grant would increase by $25 (from $679 to $704….food stamps benefits would decrease by $11, for a net gain of $14). In a low cost county, the grant would have increased by $24 – from $647 to $671; there would also be a food stamp interaction).

The Governor's proposal would eliminate the June COLA. There would be no General Fund savings because the state is required to meet the federal MOE but the funds would be used to fund other aspects of the program (caseload and employment services). There would be $80 million worth of General Fund savings in the budget year; any TANF funds would be reallocated within the program.

Need for Legislation. It is necessary to enact statute to eliminate the COLA. It is probably reasonable to act by the end of January since payment schedules have to be changed at the county level before June 1 if a COLA were to be granted.

DEPARTMENT OF REHABILITATION

Home and Community-Based Waiver Funding for the Habilitation Services Program ($10.6 million)

The Administration proposes to increase the cap on the Home and Community-Based Waiver in order to receive additional Medicaid reimbursement. The increase is for 2001-02 ($4.8 million) and $5.8 million for 2002-03. Increased reimbursements allows the Department to decrease the amount of General Fund necessary for the program.

This is simply a fund shift and would have no impact on clients. Of course, if additional federal funds were received with no corresponding reduction, services could be enhanced and/or more persons served.

Need for Legislation. It is necessary to amend the 2001 and the 2002 Budget Acts in order to revert General Fund and increase reimbursement authority/federal funding. It is not absolutely necessary to act by the end of January but it does limit the Department's authority to spend General Fund and gets the cash.

Habilitation Services Program Reversion ($7.6 million)

This is simply a reversion of funds not spent in the prior year (2001-02). Funds would have reverted in two years on the natural. There is no program impact.

Need for Legislation. In order to get the funds earlier than under current law, it is necessary to amend the 2002 Budget Act to add a reversion item.

Habilitation Services Program Consolidation within the Regional Centers ($2.3 million in 2003-04)

The Habilitation Services program provides services to clients with developmental disabilities through Work Activity and Supported Employment Programs. The purpose of the program is to assist individuals in reaching the highest level of vocational potential. Habilitation Services are an entitlement under the provisions of the Lanterman Act.

This proposal would move the Habilitation Services program from the Department of Rehabilitation and consolidate it with other services offered by the Regional Centers under the Department of Developmental Services. The contention is this would increase efficiencies and result in a $2.2 million savings in 2003-04.

Comments. Provisional language was added to the 2002 Budget Act requiring the Department and DDS to provide a report on Habilitation Services Program rates, consumer eligibility and recommendations for streamlining and consolidating the programs, if warranted.

This proposal is probably a reasonable policy direction; however, information in the report required by the Legislature would be useful in evaluating this proposal. There should be certainly be discussions with DDS and the Regional Centers and clients regarding the implications of the program changes.

The savings are achieved by eliminating 29.3 positions in the Department of Rehabilitation attributable to the program but it is unclear if this is a net figure since there would be some costs in the Regional Centers.

Need for Legislation. This proposal requires statutory change. The Administration assumes a July 1 implementation date and so would like the change effective as soon as possible. Earlier action would allow the Department of Rehabilitation to begin the necessary personnel work to achieve the savings (they will begin to transfer people to other positions; it is unclear if the proposal would lead to layoffs). However, the proposal should be reviewed carefully with the information requested by the Legislature.

Rate Reductions for the Work Activity Program (WAP) and Supported Employment Program (SEP) ($1.4 million)

The WAP services provide work experience and ancillary work-related services in a sheltered setting. The Department does not have direct consumer responsibility but authorizes and pays for services provided by public and private not-for-profit agencies. About 1,600 clients receive services from about 153 providers.

The SEP provide competitive employment opportunities in the community and necessary training and ancillary support services on an on-going basis to enable clients to learn necessary job skills and maintain employment. Services can be provided on an individual basis or in a group setting. About 4,000 clients receive services.

The Governor’s proposal would reduce WAP rates by 5% and would impose a 5% SEP rate reduction from $28.33 per job coach hour to $26.91. Both proposals would be effective April 1.

Comments. As part of the 2001-01 Budget Act, the SEP rate was increased by 3% to the current level of $28.33. The 5% rate reduction takes the SEP rate back to what they were before a 1998 rate and methodology change. There have been triggers included in the methodology in the past to ensure staying within projected costs. And rates were frozen between 1992 and 1997 as part of budget savings.

As part of last year's budget discussions, the Administration proposed reducing WAP and SEP rates by 5%. The California Rehabilitation Association indicated at the time that many programs would face closure if rates were reduced.

Costs have continued to increase for service providers and there would probably be some programs, particularly in high cost areas, that would close. To the extent clients do not receive services, they may end up in more costly programs or may end up receiving other, more costly benefits.

Need for Legislation. It takes a statutory change to reduce rates. The Administration is proposing action by the end of January so that rates can be reduced effective April 1. Since the Legislature just rejected this proposal because of the long-term consequences for clients, it may wish to consider this in the context of the Governor's Budget rather acting by the end of January.

WAP Rate Suspension

Current statute requires provider rates to be adjusted biennially. 2003-04 is a rate setting year. The Administration is proposing legislation to suspend the rate adjustment for 3 years, through the 2005-06 fiscal year.

This proposal has no immediate impact but reflects the view that rates will have to stay flat or be reduced as part of budget reduction. Therefore, there is no reason to do a rate study in the near future to indicate what rates "should" be.

This does require statutory change but does not need to be done by the end of January. CHILD DEVELOPMENT POLICY ADVISORY COMMITTEE (CDPAC) $367,000 in 2003-04

CDPAC's primary role is to provide policy recommendations to the Governor and the Legislature on child care and development and to encourage and develop long range child development policies and programs. The Governor has proposed elimination of CDPAC effective July 1, 2003.

Comments. The Governor proposed elimination of CDPAC as part of balancing the budget for 2002-03. The Legislature rejected the proposal. Though small, CDPAC has provided an independent, integrated and public forum for the discussion of options for appropriate child care in the state. However, CDPAC provides no direct service and the Department of Education, the Department of Social Services and the Governor's Education Agency also play a role in providing child care information.

This is one of three departments/entities proposed for elimination or consolidation. The other two are the Emergency Medical Services Agency and the Department of Community Services and Development. The Legislature may want to treat state department consolidations, eliminations, and restructuring together.

Need for Legislation. This proposal needs statutory change. In order to maximize budget year savings, the Administration is asking for early action.

DEPARTMENT of ALCOHOL AND DRUG PROGRAMS

Alcohol and Other Drug Services

The Administration proposes to revert $1 million from its prior year (2001-02) appropriation for alcohol and drug programs.

Comment. This is prior year savings that has not been encumbered and, as proposed, would revert two years earlier than it would normally. Of the total, $900,000 is related to the administrative costs related to state contracts with Drug Medi-Cal providers. This is a one-time savings.

Need for Legislation. This proposal does take a reversion item (amendment to the Budget Act) in order to achieve the savings earlier than under current law. It is not essential to take this action by the end of January but quicker action gets the cash.

Drug Medi-Cal

The 2002 Budget Act provides $46.8 million for Drug Medi-Cal services. After allocating the administration funding to the counties, there will be $253,000 left over. The Administration proposes to revert these funds.

Comment. This is essentially the same issue as above, except it is current year funding. It is one-time savings.

Need for Legislation. This proposal also takes a reversion item in order to achieve the savings earlier than under existing law. Again, it is not essential to take action by January but quicker action gets the cash.

Audit Repayment Trust Fund
The DAPD collects repayments of state funds resulting from audits of local contracts. It is proposed to transfer $273,000 from the Audit Repayment Trust Fund to the General Fund. The transfer will not result in any programmatic reductions.

Comment. When DADP audits find that a county was overpaid for Drug Medi-Cal, the county is required to return the General Fund portion of the overpayment to DAPD where it is deposited in the Trust Fund. The $273,000 is in excess of the amount of DADP's appropriation in the current year. This is one-time savings.

Need for Legislation. This would take a transfer item in a bill amending the Budget Act. It is not essential to take the action by June 30 but it gets the cash earlier.

DEPARTMENT OF CHILD SUPPORT SERVICES

The Department of Child Support Services was established in January of 2000 as a result of legislation that completely restructured California's child support enforcement system. The Department administers the child support enforcement program operated by local child support agencies. It oversees local program and fiscal operations, administers the federal Title IV-D state plan for securing child and spousal support, medical support and determining paternity and has established performance standards for California's child support program. The department has partnered with the Franchise Tax Board to establish a single automated tracking and data system.

The department's total budget for the current year is $1.08 billion.

The Governor proposes reducing current year state operations by $856,000 and reverting these funds to the general fund. The proposals include deferrals of automation projects, reductions due to the completion of contracts at costs lower than budgeted and reductions in out of state travels.

Staff recommendation. The Senate may wish to consider favorably the proposed reductions in state operations.

Foster Parent Training Fund

The Foster Parent Training Fund, financed by child support collections, was established in the early nineteen eighties to support foster parent training programs offered by Chancellor's Office of the California Community Colleges. The programs provide training to facilitate the development of foster family homes and small family homes to care for children who have special mental, emotional, developmental or physical needs. The programs were recently expanded to service kinship care providers. They offer the type of education and training that all foster parents are now required to obtain.

The foster and kinship care education programs are funded with child support collections, Proposition 98 funds and federal funds. Last year the Governor proposed to reduce the Foster Children and Parent Training Fund by $1 million, thereby reducing overall support for the training programs. The Legislature rejected this proposal and instead imposed a statutory cap on the fund of $3 million.

The Governor's current year reductions include proposed legislation to eliminate the Foster Parent Training Fund, which would eliminate funding from child support collections for foster parent training programs. The Governor did not estimate specific savings for this proposal since moneys in the Foster Parent Training Fund vary depending on the level of child support collections.

Local Child Support Administration Incentives

This year, the California Department of Child Support Services received an additional $9 million in federal child support incentives. The Governor proposes to use these funds to finance child support enforcement program costs currently borne by the general fund. This proposal would generate $9,008,000 in general fund savings.

Staff recommendation. The Senate may wish to approve this proposal

Local Child Support Contracts
The department reports that two local child support contracts entered into the 2000-2001 and 2001-2002 fiscal years were completed at a cost lower than budgeted. The Governor proposed the reversion of $656,000 in unexpended contract funds to the general fund.

Staff recommendation. The Senate may wish to approve the proposed reversion of unexpended.

OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT

Eliminate the Health Professions Career Opportunity Program ($36,000 CY & $143,000 BY)
The Health Professions Career Opportunity Program (HPCOP) seeks to increase the number of health professionals who work in underserved communities. It provides recruitment and mentoring services to undergraduate students from underrepresented minorities and disadvantaged backgrounds to encourage their participation in the health care arena.

The 2002-2003 Budget included $87,000 in reductions. It eliminated support for "Health Pathways" a publication for high school students and graduates, counselors and healthcare career recruiters. It also reduced from 14 to 8 the number of grants provided to academic institutions for training inidividuals for a career in health care.

The Governor proposes the elimination of this program for savings of $36,000 in the current year and $142,000 in the budget year. He proposes legislation to eliminate statutory references to the program.

Staff Comment: Given the California's significant budget shortfall the Legislature may want to consider favorably the Governor's proposal. The Legislature may want to consider amending the Governor's proposed legislation to retain the statutory reference to the program but make program implementation subject to a budget appropriation.

COMMUNITY SERVICES AND DEVELOPMENT DEPARTMENT

Consolidate the Community Services and Development Department

The Community Services and Development Department (CSDD) administers a series of programs that serve low-income Californians including the Low Income Energy Assistance Program (LIHEAP), the California LIHEAP, and the federal Community Services Block Grant. The department verifies applicant eligibility for the California Alternative Rates for Energy Program offered by utility companies and administers a statewide Naturalization Services program. It also participates in the California Mentor Program, which offers recruitment, training and mentoring services to at-risk youth.

The Governor proposes consolidating the Community Services and Development Department with the Department of Social Services effective July 1, 2003. The Governor estimates eliminating nine positions and shifting $922,000 federal funds from state operations to local assistance as a result of the consolidation. He proposes legislation to transfer the federal and state LIHEAP programs, as well as the federal Community Services Block Grant from the Community Services and Development Department to the Department of Social Services.

Staff Comment: In light of California's budget shortfall, the Legislature may wish to approve the proposed consolidation to reduce the number state positions and maximize amount of federal funds available for local assistance and direct services for low-income people.

Eliminate the Naturalization Services and Mentoring Programs
($1.3 million CY & $3.9 million BY)

The Naturalization Services Program provides services to assist legal permanent residents in obtaining citizenship. Services provided include outreach, skills assessment, citizenship preparation and assistance, and advocacy/follow-up services. The program assists an average of 15,239 individuals per year in the completion of citizenship applications and conducts 3,870 follow-ups in a year.

The Governor proposes elimination of the Naturalization Services and Mentoring Programs to realize savings of $1,265,000 in the current year and $3,889,000 in the budget year. The proposal would also revert in the budget year $5 million in federal funds to the Department of Education. Current year savings stem from a reversion of $1,251,000 in grants that will not have been awarded to community organizations by January 1, 2003 and $14,000 in state operation savings.

Reversion of Unexpended California Low Income Home Energy Assistance Program funds ($285,000 CY)
The California Low Income Home Energy Assistance Program was created in 2001 to assist low-income, elderly and disabled Californians in coping with high energy costs. The program provides one-time energy payments to qualified households and facilitates conservation efforts through weatherization and the provision of other services that allow low-income households to conserve energy and maintain reasonable energy bills.

The CaLIHEAP program serves a slightly wider range of low-income households than the federal LIHEAP program (up to 250% of poverty). The program provides local agency flexibility to design the energy payment and crisis intervention program to meet the needs of local households. It also designates a greater portion of funds for conservation, including weatherization and measures to reduce the electric base load. This last provision includes refrigerator replacement, electric water heater repair or replacement, microwave oven replacement or installation, and distribution of compact fluorescent lamps.

A total of 140,901 households were assisted between June 1, 2001 and June 30, 2002. More than 28,908 dwellings were weatherized generating energy savings of 11.4 million kilowatt hours. These energy savings constitute enough energy to serve 2,343 homes for an entire year. It is fair to assume that these energy savings will continue in future years as they are based on weatherization changes to homes.

In addition to the weatherization services, the California LIHEAP provided energy crisis intervention services to 39,120 households and provided cash assistance to 72,865 households experiencing difficulty in paying their utility bill. The program has served over 175,226 vulnerable individuals including elderly, disabled and limited-English speaking Californians, as well as very young children and migrant and seasonal farmworkers.

In 2001, the Legislature appropriated $120 million to the California LIHEAP program. Last year, the Governor proposed reversion of $53.7 million to the general fund. The Legislature approved reversion of $23.7 million and directed the remaining $30 million to household payments. In total, through December 2002 $95.9 million will have been expended through California LIHEAP and $23.8 million will have been reverted to the general fund.

The Governor now proposes that a total of $285,000 unspent California LIHEAP funds be reverted to the general fund. **The Governor assumes no new funding for the California LIHEAP in the 2003-2004 budget year.**

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